

AMENDED IN ASSEMBLY APRIL 21, 2009

AMENDED IN ASSEMBLY APRIL 14, 2009

CALIFORNIA LEGISLATURE—2009–10 REGULAR SESSION

## ASSEMBLY BILL

**No. 672**

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**Introduced by Assembly ~~Member Bass~~ *Members Bass and Eng***

February 25, 2009

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An act to add Section 8879.501 to the Government Code, relating to transportation.

### LEGISLATIVE COUNSEL'S DIGEST

AB 672, as amended, Bass. Transportation: bond-funded projects: letter of no prejudice.

Existing law, the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006, authorizes the issuance of \$19.925 billion of general obligation bonds for various transportation purposes. Existing law designates the state agency responsible for programming bond funds under the act as the administrative agency for those purposes.

This bill would authorize a regional or local agency that is a lead agency for a project that has been approved for bond funding to apply to the administrative agency for a letter of no prejudice that would allow the regional or local agency to expend its own funds for any *bond-funded* component of the project, subject to later reimbursement from bond proceeds, as specified.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1     SECTION 1. It is the intent of the Legislature in enacting this  
2 act to enhance the ability of regional and local government entities  
3 to deliver critical transportation capital improvement projects in  
4 an expeditious manner.

5     SEC. 2. Section 8879.501 is added to the Government Code,  
6 to read:

7     8879.501. (a) A regional or local agency that is a lead applicant  
8 agency for a project that has been approved for funding pursuant  
9 to Chapter 12.49 (commencing with Section 8879.20) may apply  
10 to the administrative agency for a letter of no prejudice for the  
11 project. If approved by the administrative agency, the letter of no  
12 prejudice shall allow the regional or local agency to expend its  
13 own funds for any *bond-funded* component of the project.

14     (b) A project may be considered for a letter of no prejudice and,  
15 upon issuance of the letter of no prejudice, shall be eligible for  
16 reimbursement under this section if all of the following apply:

17     ~~(1) The project is included in an adopted regional transportation~~  
18 ~~plan.~~

19     ~~(2) An allocation for the project is made pursuant to Chapter~~  
20 ~~12.49 (commencing with Section 8879.20).~~

21     (1) *The administrative agency makes an allocation for the*  
22 *project pursuant to Section 8879.50.*

23     (2) *The project component for which the letter of no prejudice*  
24 *was requested has been completed.*

25     (3) The expenditures made by the regional or local agency are  
26 eligible for reimbursement in accordance with state and federal  
27 laws and procedures. If expenditures made are determined to be  
28 ineligible, then the state has no obligation to reimburse for those  
29 expenditures.

30     (4) The regional or local agency complies with all legal  
31 requirements for the project, including the requirements of the  
32 California Environmental Quality Act (Division 13 (commencing  
33 with Section 21000) of the Public Resources Code).

34     ~~(e) The amount expended by the regional or local agency~~  
35 ~~pursuant to this section shall be promptly reimbursed by the state~~  
36 ~~from proceeds of the bonds sold pursuant to Chapter 12.49~~  
37 ~~(commencing with Section 8879.20).~~

1     (c) *Upon execution of an agreement with the administrative*  
2     *agency to transfer reimbursement funds for a project described in*  
3     *subdivision (a), the administrative agency may delay*  
4     *reimbursement pursuant to this section only if cash management*  
5     *issues prevent immediate repayment and upon the advice of the*  
6     *Treasurer.*

7     (d) The administrative agency, in consultation with regional  
8     and local agencies, may develop guidelines to implement this  
9     section.

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